



FY 2004 Defense Budget

3 February 2003

National Defense Topline

(Discretionary budget authority \$ in Billions)



	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>
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FY 04 Request

DoD - 051	364.6	379.9	399.8	419.8	440.5	461.8	483.6
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DoE - 053	15.8	16.9	17.3	17.4	16.9	16.0	16.3
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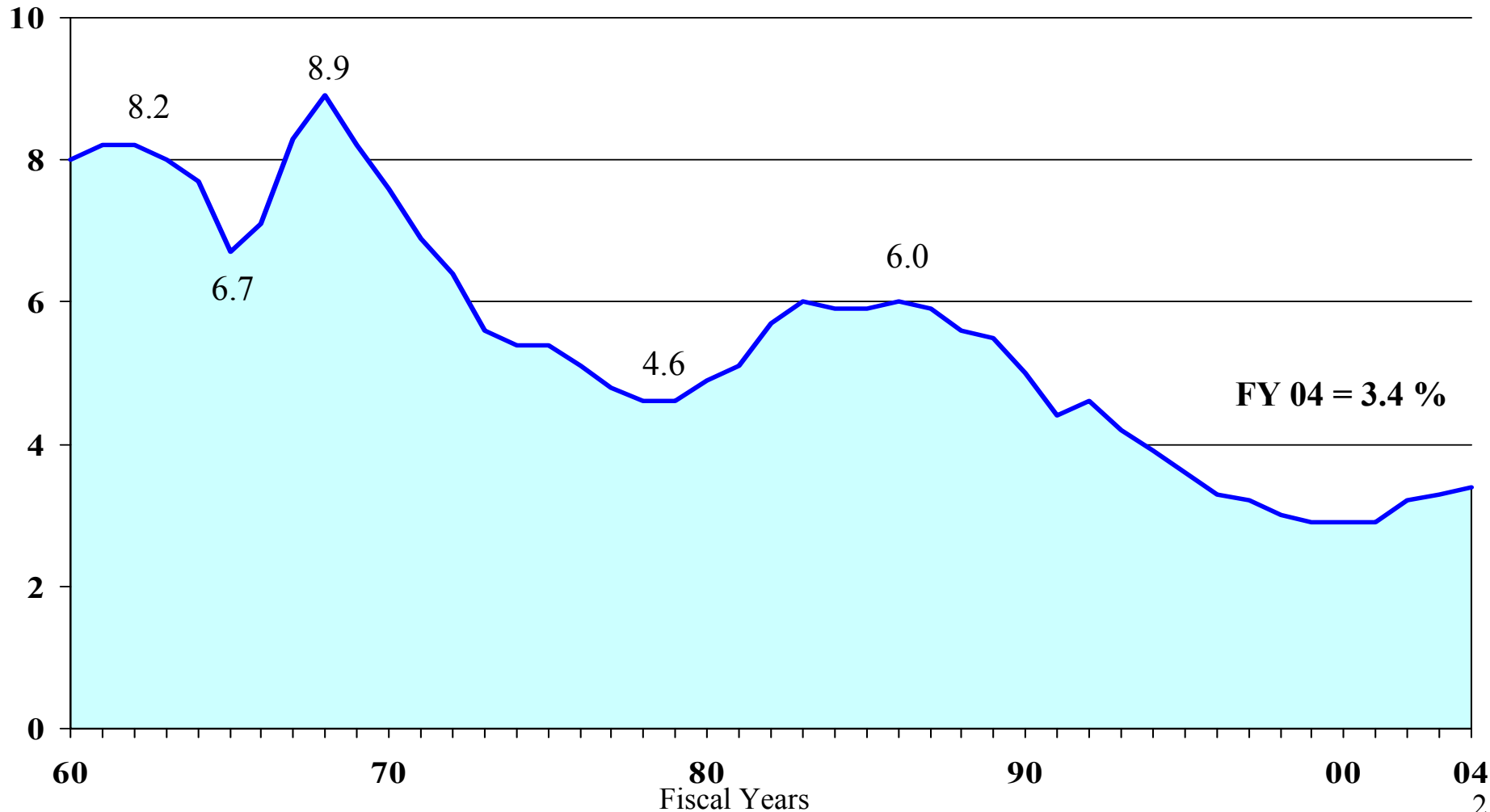
Other - 054	<u>1.8</u>	<u>2.4</u>	<u>2.5</u>	<u>2.5</u>	<u>2.6</u>	<u>2.6</u>	<u>2.7</u>
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Total National Defense (050)*	382.2	399.1	419.6	439.7	460.0	480.4	502.7
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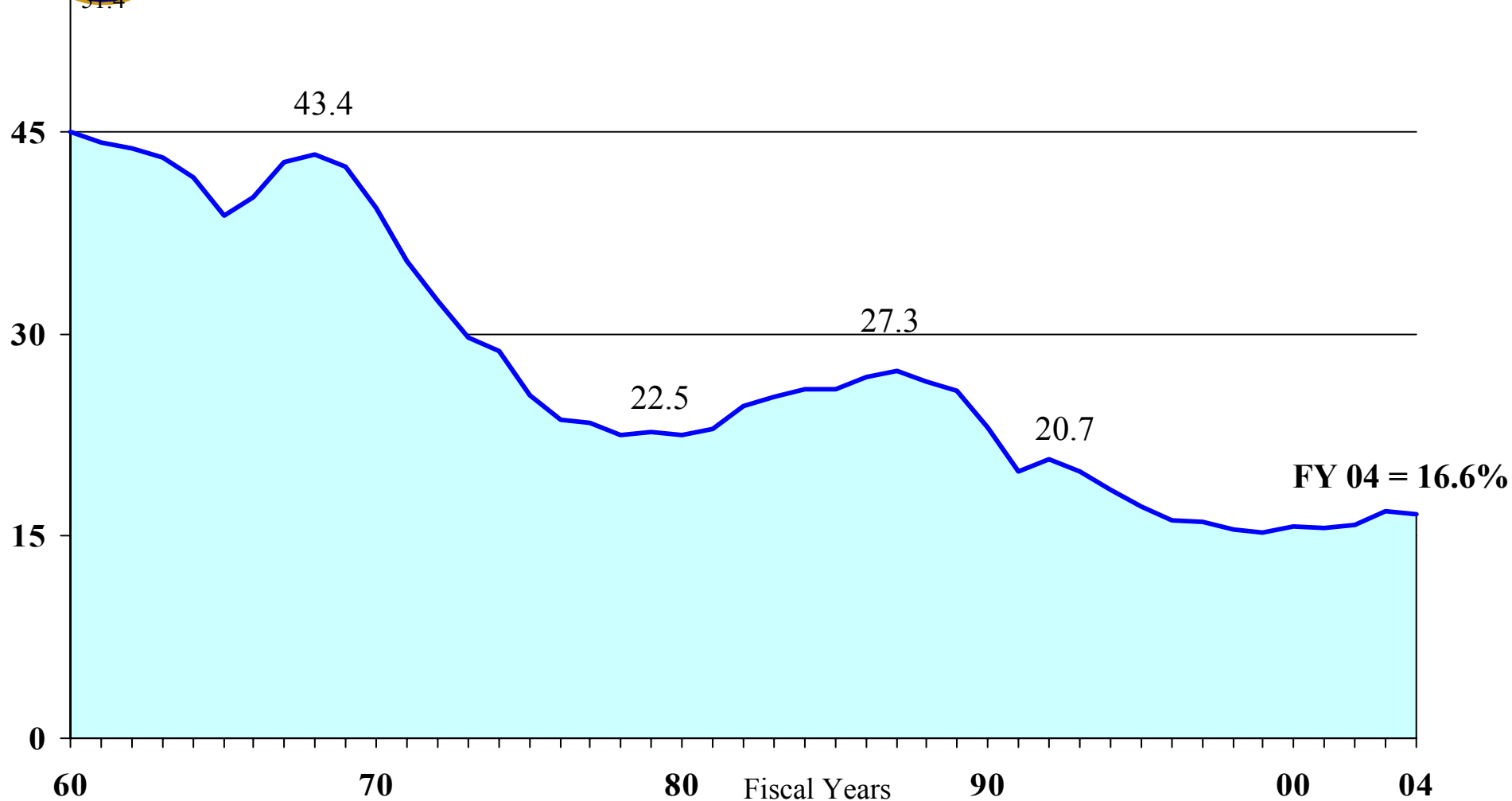
*Totals may not add due to rounding

Continuing adherence to realistic funding for all
DoD programs -- near-term and long-term

DoD Outlays as Percent of GDP



DoD Outlays as Percent of Federal Budget



DoD Budget by Service

(Discretionary Budget Authority, \$ in Billions)



	<u>FY 03</u>	<u>FY 04</u>	<u>Change</u>
• Army	90.7	93.7	+3.0
• Navy/Marine Corps	111.1	114.6	+3.5
• Air Force	108.0	113.7	+5.7
• Defense Wide *	<u>54.9</u>	<u>57.9</u>	<u>+3.0</u>
Total	364.6	379.9	+15.3

* Includes Defense Health Program

FY 2004 DoD Topline

(\$ in Billions)



FY 2003 Budget	364.6
“Fact of Life” Changes:	+8.0
Military and Civilian pay raises	+3.7
Inflation -- non-pay	+4.3
Quality of Life -- Housing allowance	+1.3
Defense Health Program	+0.5
Shipbuilding	+2.7
Special Operations Forces	+1.5
Missile Defense	+1.5
C4ISR/Space/Unmanned vehicles	+1.5
Future Combat Systems	+1.3
Joint Strike Fighter	+1.0
Reallocation of resources -- net result	<u>-4.0</u>
FY 2004 Request	379.9

Balancing Competing Demands



- Win global war on terrorism/meet near-term demands
- Sustain high quality people and forces
- Transform US military/defense establishment

Winning Global War on Terrorism



- In his FY 03 budget President added \$10.1 billion to DoD baseline:
 - \$8.2 billion for acquisition resulting from war on terrorism experience
 - \$1.2 billion for CONUS air patrols
 - \$0.7 billion for Nuclear Posture Review implementation
- Congress appropriated \$7 billion of the President's \$10.1 billion request
- FY 04 budget funds further acquisition -- such as intelligence capabilities, precision munitions, and unmanned vehicles
- Congress did not appropriate the \$10 billion requested for FY 03 incremental operating costs related to war on terrorism
- FY 04 budget includes \$200 million to help train and equip forces of cooperating nations

Military Personnel

(Discretionary budget authority \$ in Billions)



	<u>FY 03</u>	<u>FY 04</u>
FY 2004 Budget	93.4	98.6
<ul style="list-style-type: none">• Pay Raise ranges from 2% to 6.3%, targeted by rank and years of service• Out-of-pocket housing costs drop from 7.5% to 3.5% for personnel living in private housing. Will drop to zero in FY 2005.• \$700 million added for accrual to finance cost of future Medicare-eligible health care benefits• Active duty end strength*: 1,388,100• Selected Reserves strength: 863,300		

*Budgeted strength; does not include possible reserve mobilization.

Operation & Maintenance (O&M)

(Discretionary budget authority \$ in Billions)



	<u>FY 03</u>	<u>FY 04</u>
Operation & Maintenance	113.6	117.0

All FY 04 readiness indicators meet goals*:

- Army tank miles: 913**
- Army flying hours: 13.1 hours/crew/month
- Navy flying hours: 20.8 hours/crew/month
- Navy ship operations/deployed: 54 days/quarter
- AF flying hours: 16.8 hours/crew/month

*Goals are approximately same as for FY 03

**This readiness metric currently under study

Military Construction/Family Housing

(Discretionary budget authority \$ in Billions)



	<u>Request</u> <u>FY 03</u>	<u>Enacted</u> <u>FY 03</u>	<u>Request</u> <u>FY 04</u>
Military Construction	*4.8	6.3	5.0
Family Housing	<u>4.2</u>	<u>4.2</u>	<u>4.0</u>
Total	9.0	10.5	9.0

- DoD reviewing base structure and facilities around the world
- Services are funding 93 percent of the sustainment requirement
- Budget eliminates inadequate family housing by 2007 except for Air Force: completes goal in 2008 at 4 US bases/2009 for overseas
- Family Housing privatization: FY 04: \$346 million for 36,262 units
FY 03: \$240 million for 30,238 units
- BRAC 2005 implementation funding starts in FY 2006

*Does not include \$565 million for military construction in Defense Emergency Response Fund (DERF)

Funding Transformation Goals

(Budget authority \$ in billions)



	<u>FY 04</u>	<u>04-09</u>
• Protect bases of operation	7.9	55
• Project and sustain forces	8.0	96
• Deny sanctuary to adversaries	5.2	49
• Leverage information technology	2.7	28
• Conduct effective information operations	0.2	6
• Enhance space operations	<u>0.3</u>	<u>5</u>
Total	24.3	239

Land Forces Programs

(Procurement and RDT&E total obligational authority \$ in billions)



Highlights

FY 04

Future Combat Systems -- Increased funding
sustains initial operational capability of 2010
Includes Network/Indirect Fires (\$0.5)

1.7

Stryker: Procure 301 armored wheeled vehicles
4th brigade approved

0.9

Comanche: Next generation helicopter

1.1

V-22: Continue development and rigorous testing;
procure 9 MV-22 (Marine Corps variant)
and 2 CV-22 (Air Force variant)

1.8

Shipbuilding FY 2003-2009

(Total obligational authority \$ in billions)



	<u>FY 03</u>	<u>FY 04</u>	<u>FY 05</u>	<u>FY 06</u>	<u>FY 07</u>	<u>FY 08</u>	<u>FY 09</u>
SCN and NDSF*\$	9.5	12.2	12.0	11.5	15.4	15.7	21.0
R&D Construction \$.4	.7	.5	.5	.4
Quantity of ships	5	7	8	7	7	9	14

- Currently 301 battle force ships
- Total drops to 291 in FY 2006 -- due primarily to retiring DD-963 destroyers early to save operating costs
- Total rebounds to 305 by FY 2009
- Key: Superior, efficient ships replacing older, expensive ships

* Procurement funded in the Shipbuilding and Conversion, Navy (SCN) and the National Defense Sealift Fund (NDSF)

Tactical and Mobility Aircraft

(Procurement and RDT&E total obligational authority \$ in billions)



Highlights

	<u>Qty</u>	<u>\$</u>
F/A-22: Continue buy-to budget	22	5.2
F/A-18E/F: Production stable at 42/yr	42	3.5
JSF: Development and demonstration phase	-	4.4
C-17: Includes \$200 million for mobility RDT&E	11	3.7
C-5: Avionics and reliability upgrades	-	0.5
C-130J: Modernization/enhanced short-range lift	5	0.5
V-22: 9 MV-22 (Marine Corps), 2 CV-22 (AF)	11	1.8
Precision munitions*	**	1.7

*Includes non-aircraft systems such as Tactical Tomahawk

**Over 45,000 munitions including over 32,000 JDAMs

Missile Defense Program

(Total obligational authority \$ in billions)



	<u>FY 03</u>	<u>FY 04</u>
Missile Defense Program*	7.6	9.1

- Over next 2 years, field limited defense against ballistic missiles:
In FY 2004: Includes 10 land-based interceptors: Provides initial modest capability against North Korean missiles
By end of FY 2005: Includes 10 added land-based interceptors; up to 20 sea-based interceptors on 3 Aegis ships; land, sea and space sensors; and command and control upgrades: Adds modest capability against Middle East threats
- Evolutionary program focusing on most promising technologies

*Includes Patriot Advanced Capability-3 and Medium Extended Air Defense System -- transferred to the Army in FY 2004. Missile Defense Agency (MDA) FY 04 funding is \$7.7 billion -- \$1.3 billion above FY 03.

Special Operations Forces (SOF)

(Total obligational authority \$ in millions)



	<u>FY 03</u>	<u>Change</u>	<u>FY 04</u>
O&M, Defense-Wide	1,615	+391	2,006
Procurement, Defense-Wide	863	+1,115	1,978
Military Construction, Defense-Wide	72	+27	99
RDT&E, Defense-Wide	<u>512</u>	<u>-71</u>	<u>441</u>
Total	3,062	+1,462	4,524

- Add SOCOM role as a supported combatant command
- Add planning capability at SOCOM and theater SOF commands
- Transfer 1890 personnel billets to SOCOM in FY 04
- Relieve low density/high demand pressure thru CH-47 upgrades, MH-60 helicopter SLEP, and MC-130H increases

Unmanned Vehicles

(Procurement and RDT&E total obligational authority \$ in millions)



Highlights

FY 04

• Global Hawk Unmanned Aerial Vehicle (UAV)	610
• Predator	250
• Unmanned Combat Aerial Vehicle (UCAV)	275
• Broad Area Maritime Surveillance UAV	101
• Shadow 200 (Army)	86
• Unmanned underwater vehicle (UUV)	81
• Other development	<u>4</u>
Total	1,407

C4ISR* Capabilities

(Total obligational authority \$ in millions)



Highlights

FY 04

• Satellite/Space Systems	
• Laser satellite communications	452
• Advanced EHF satellite	778
• Space Based Radar	299
• Unmanned Vehicles (UCAV, UUV, UAV)	1,407
• Joint tactical radio	478
• Cryptologic Modernization	416

*Command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR)

Science and Technology (S&T)

Investing in the Points of Leverage



- **Army** – advanced combat and soldier systems, medical technology
- **Naval** – mine warfare, electronics, undersea systems
- **Air Force** – space, directed energy, aircraft propulsion
- **Other** – National Aerospace Initiative, unmanned systems, space communications, rotocraft technologies, foliage penetration radar, joint experimentation, basic research

	<u>FY 03 Request</u>	<u>FY 03 Enacted</u>	<u>FY 04 Request</u>
S&T \$ in Billions	9.9	10.8	10.2
S&T % of Topline	2.68	2.95	2.69

Transform How DoD Does Business



Changes DoD can and will make itself

- Reduce staffing layers
- Restructure health care systems and contracts
- Improve program/budget process
- Expand performance-based budgeting
- Modernize joint officer education
- Modernize/overhaul financial management
- Streamline acquisition structure
- Expand E-Payroll
- Transfer security clearance investigations

Help Needed From Congress



Administration is considering proposals that:

- Establish DoD civilian personnel system
- Do one-time reorganization with “fast track” approval
- Move non-military functions
- Make money flow more flexible -- 2-year budget cycle
- Expand authority for competitive sourcing
- Approve measures to preserve training ranges

Bush Administration Achievements



- New capabilities-based strategy and budget
- Taking good care of military people and families
- Forces better able to defeat today's threats
- Comprehensive transformation well on its way
 - New military capabilities/ways of fighting
 - Improving management and organization
- Focused Missile Defense and new strategic triad
- Balanced executable program now in place